REPORTS

Item No. 2 2006 Grey Cup Bid Proposal
File GC-8.11

ADMINISTRATIVE RECOMMENDATION:

1. That Council approve the request from the Winnipeg Football Club for a bid guarantee of $1,550,000.00 to facilitate a bid proposal to the Canadian Football League (CFL) for the 2006 Grey Cup.

2. That the City's bid guarantee be conditional on it only being accessed after the Province's bid guarantee of $1,550,000.00 is first exhausted and that the Chief Administrative Officer be authorized to finalize an agreement with the Winnipeg Football Club on behalf of the City to reflect this condition and any other requirements that the Chief Administrative Officer may deem advisable.

3. That the Proper Officers of the City be instructed to do all things necessary to implement the foregoing.

ADMINISTRATIVE REPORT

RE: REQUEST FOR A BID GUARANTEE FOR THE 2006 GREY CUP BID PROPOSAL

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: CHIEF ADMINISTRATIVE OFFICER

REPORT DATE: October 20, 2004

RECOMMENDATIONS:

(1) That Council approve the request from the Winnipeg Football Club for a bid guarantee of $1,550,000 to facilitate a bid proposal to the Canadian Football League (CFL) for the 2006 Grey Cup.

(2) That the City's bid guarantee be conditional on it only being accessed after the Province's bid guarantee of $1,550,000 is first exhausted and that the Chief Administrative Officer be authorized to finalize an agreement with the Winnipeg Football Club on behalf of the City to reflect this condition and any other requirements that the CAO may deem advisable.

(3) That the proper officers of the City be instructed to do all things necessary to implement the foregoing.

REPORT SUMMARY:

Key Issue(s):

Involves a request for the approval of a bid guarantee of $1,550,000 to facilitate a bid proposal for the 2006 Grey Cup Game by the Winnipeg Football Club.

Implications of the Recommendation(s):

General Implications

	None
	For the organization overall and/or for other departments
X	**For the community and/or organizations external to the City**
	Involves a multi-year contract

Comment(s):

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The Winnipeg Football Club requires a bid guarantee from the City to be able to facilitate a bid proposal to the Canadian Football League to host the 2006 Grey Cup Game.

Policy Implications

X	No	Formatted
	Yes	
	Comment(s):	

Environmental Implications:

X	No	Formatted
	Yes	
	Comment(s):	

Human Resources Implications:

X	No	Formatted
	Yes	
	Comment(s):	

Financial implications

X	Within approved current and/or capital budget	Formatted
	Current and/or capital budget adjustment required	
	Comment(s):	

There is no financial impact on the City associated with the recommendations of this report unless the Grey Cup Game generates a loss in excess of $1,550,000.

REASON FOR THE REPORT:

In a letter to Mayor Sam Katz dated October 8, 2004, the Winnipeg Football Club requested the City “furnish the Winnipeg Football Club with a bid guarantee to the C.F.L. for the 2006 Grey Cup Game.”

HISTORY:

The City has hosted the Grey Cup on two previous occasions, in 1991 and in 1998. On both occasions, the City provided both financial and in-kind support to facilitate the event.

DISCUSSION:

In order to facilitate a bid proposal for the 2006 Grey Cup Game, the Winnipeg Football Club is required to supply the Canadian Football league with a bid guarantee. This amount would not be due to the CFL until after the completion of the Grey Cup Game in November 2006. In a letter to the Winnipeg Football Club dated October 7th, 2004, Premier Doer confirmed "the support of the Province of Manitoba of $1.55 million subject to an equal match by the City of Winnipeg." As the Province derives a financial benefit from an event such as this in the form of provincial sales taxes, their exposure on the bid guarantee is mitigated. As a result, this report is recommending that the City match the amount of the provincial bid guarantee, conditional on it only being accessed after the amount the Province has guaranteed has been exhausted.

Section 218(1) of The City of Winnipeg Charter allows Council to provide financial assistance "(c) to support economic and cultural development."

The City has historically provided financial assistance to organizations in the form of a loan guarantee. As a result of this, in 1992, Council adopted a Policy and Criteria to be used as a Guideline in the consideration of Requests for Loan Guarantees. While this bid guarantee is not a loan guarantee, because of the similar nature, the Policy and Criteria were used as a framework to analyze the bid guarantee request.

The following is a listing of the criteria adopted by Council which the City uses to analyze requests for loan guarantees:

A. *Requests for loan guarantees shall be submitted to the City Treasurer for review to determine if the request meets the requirements of the policy.*

B. *The organization requesting the loan guarantee must provide a service which, in whole or in part, falls within the mandate of the City of Winnipeg.*

C. *The project for which the loan guarantee is being requested must not be in conflict with City policy. For example, if City policy stated that we already had more than enough hockey arenas for our population, the City would not guarantee a loan for the purpose of constructing a hockey arena.*

D. *The organization's services must be available to the community at large without restrictions based upon ethnicity, religion or race and without unreasonably restrictive membership or user fees.*

E. *The organization must be non-profit.*

F. *The organization must produce financial records and a business plan that demonstrates the organization's long term viability and capacity to meet the obligations of the loan that they are asking the City to guarantee.*

G. *The organization structure and the principles of the organization must be judged by the City of Winnipeg as competent to independently implement the business plan of the organization*.

H. *Unless there are very special circumstances, the maximum amount of outstanding loan guarantees for any one organization will be $1,000,000.00.*

I. *The loan that the City is being asked to guarantee should not represent more than 50% of the total funding of the project. The organization requesting the loan guarantees must have raised at least 20% of the total project costs from non-City of Winnipeg sources as a down-payment, i.e. if the organization is receiving a City grant for their project, the grant cannot be counted as part of the 20% down-payment*.

J. *The loan that the City is guaranteeing must be related to a capital asset.*

K. *The capital asset must be insured to the satisfaction of the City Treasurer both during and after construction.*

As can be seen all the criteria used to analyze loan guarantees do not fit with a bid guarantee. However, by using it as a framework to analyze the proposal the Winnipeg Football Club submitted to the Canadian Football League and the request for the bid guarantee, the following information can be reported:

- The Winnipeg Football Club operates the Winnipeg Blue Bombers football team which is one of nine teams in the Canadian Football League. Through Plan Winnipeg, the City is committed to economic development and given the nature of this event economic spin-offs should be generated.
- There are no unreasonable restrictions on who may attend Winnipeg Blue Bomber football games or the Grey Cup Game.
- The Winnipeg Football Club has drafted a budget of revenues and expenses associated with the potential for hosting the 2006 Grey Cup Game. The single largest expenditure associated with the event is the bid guarantee they must submit to the Canadian Football League. They have included a contingency amount in their expense budget and expect to generate a modest surplus.

- In the previous three Grey Cup Games, the number of seats sold have been 50,909 (Regina, 2003, profit of $2.1 million), 62,531 (Edmonton, 2002) and 65,255 (Montreal, 2001). There have already been in excess of 40,000 tickets sold for the Grey Cup Game scheduled for Ottawa on November 21st.
- Should the Winnipeg Football Club meet their expected revenue and expense targets, there would be no need for either the City or the Province to contribute funding as a result of the bid guarantee.
- The Winnipeg Football Club has demonstrated the ability to successfully stage this type of event in the past, most recently in1998.

FINANCIAL IMPACT STATEMENT

No Financial Impact

There is no financial impact to the City in the granting of this bid guarantee unless there is a loss generated from hosting this event in excess of $1,550,000.

"Original signed by Carrie Erickson"
Carrie Erickson

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

THIS REPORT SUBMITTED BY:

CAO Secretariat
Prepared by: Garry Steski, Manager of Financial Services, Corporate Finance
File No.